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CAN SUPERMARKETS BRING AMERICA BACK TO SCHOOL?

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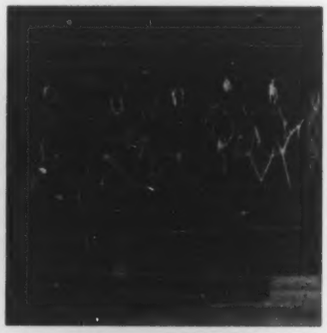
SUPERMARKET BUSINESS

NOVEMBER 1990 VOLUME 45/NUMBER 11



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Just when the need for education is greater than ever, America's schools find themselves in a state of crisis. Some supermarkets are trying to help students...and with some innovative approaches, they are succeeding.

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BEYOND ALTRUISM

By Ken Partch, Editor-in-Chief

In a recent speech given at the California Grocers Association meeting, industry consultant Jack Cohen made these observations:

"1. Payroll represents well over 50 percent of the industry's gross profits.

"2. Productivity has declined steadily in recent years. After allowing for inflation, sales per work hour have declined in both dollars and pounds.

"3. Increases in productivity have not kept pace with cost increases.

"4. Major capital investments made to increase productivity have not generally paid for themselves.

"5. A 10 percent reduction in payroll will come close to doubling your net profit.

"6. It costs $1,500, on average, to hire and train an employee.

"7. It costs another $1,500 to replace an employee who quits or is fired."

Question: To improve productivity would it seem sensible to teach people to work smarter, and to cut turnover?

The human resources manager of a big city chain was interviewing candidates for department manager, and distributed a form that required answers to four basic questions—questions such as 'What is your name?' and 'What have you done previously?' The form proved to be too difficult for many of the applicants who either had a language problem or were functionally illiterate.

Question: Do supermarket operators in such communities have a selfish interest in remedial reading and writing programs? That's what this chain has started.

A 40-store chain with a 40 percent market share in one community must also find most of its customers and workers in that community. The community has a high school dropout rate of 25 percent from the ninth grade to projected graduation date.

Question: Does this chain have a selfish interest in cutting the dropout rate in that community? That's just what it is doing with an intensive work-scholarship program.

If the answers to all the above questions are "Yes," is it altruistic for these companies to become involved directly in the community's problems of education, or simply enlightened self-interest?

There's nothing to prevent you from becoming involved with a coalition to help change the culture of public education—or starting one.

Then there is the question asked by Brad Butler, former chairman of Procter & Gamble and now deeply involved in the nation's education problems: "When was the last time that you as an employer asked to see the school transcript of a prospective employee?" We're not suggesting that you hire only people with high grades at school, but a show of interest might imply that you find school performance relevant. It also might indicate the kind of performance you can expect on the job.

While supermarkets are heavy users of part-time workers, often high school students, are you concerned that the job could be interfering with school work, if the student is using the job as an excuse for not doing homework, or for not getting remedial tutorial help when needed?

Teachers are well aware of this problem, but parents are often too pleased that the child is earning enough money to support a car and new clothes, perhaps at the expense of school work. Too often, parents, and perhaps unwittingly, supermarkets can become part of the problem.

In my view, there is no question here of altruism. It's a question of selfish interest in a business and the community it serves. Perhaps these problems are too great and too expensive for an individual company to tackle single-handed. But as Brad Butler says, there's nothing to prevent you from getting involved with a coalition to help change the culture of public education, or starting one. If every company assumed its proportionate share of the problem, in the manner of Wegmans of Rochester covered in this issue, considerable progress in changing that culture could be made.

It is quite conceivable, when business becomes involved with public school education, that students and the entire community realize that education is important enough to be taken seriously. Students will also get the message that there is a real connection between what they do in school and the real world.

Education is not simply a problem of the schools. In fact, it may be time to "de-school" the problem. We may be asking too much of schools and not enough of each of us. ■

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FRESH FISH & SEAFOOD

1990 DEPARTMENT OPERATIONS REVIEW

Although fresh fish and seafood sales topped $4 billion for the first time last year, the department's growth continues to lag behind expectations. As a result, many retailers may be tempted to hold the line on future seafood expansions.

BY DAVID LITWAK AND JANET TORRES CEPEDA

On the surface it would appear that Americans have embraced creatures of the deep as an essential part of their eating styles.

The media still proclaims fish as a boon to good health. Everywhere you look there's another seafood cookbook or recipe being thrust at you, or another sea creature showing up at the trendiest restaurant as the special of the day.

But if America has truly gone down to the water, then it is to go swimming and not fishing. When it comes to fish and seafood sales, there have been slight gains...but you should have seen the sales that got away!

Last year, sales of fresh and frozen fish and seafood reached a new plateau, topping the $4 billion mark. The $4.16 billion that fish departments brought in represented an increase in sales of 4.5 percent over the $3.98 billion of sales the previous year.

A good deal of this increase, however, is attributable to higher fish prices. At retail, according to the U.S. Bureau of Labor Statistics Consumer Price Index, prices for fresh and frozen fish across the country rose 4.0 percent last year. This means that the volume of fish sold last year actually increased only about 0.5 percent.

It is also significant that last year's 4.5 percent increase in sales is only half the gain experienced during the previous year, when sales grew by 9.0 percent over 1987's mark. If 1988 was looked upon as a disappointing year, based on expectations of stellar growth during the period, then 1989 is even more disappointing.

If the last two years are indicative of a trend, then the industry has a lot of work ahead of it to bolster sliding sales. It may be extremely difficult to return to the years of double-digit growth that fish departments saw in the mid-'80s.

Why the shortfall?

From 1980 to 1987, per capita consumption of fish and seafood increased dramatically from 12.8 pounds to 15.4 pounds. In 1988, consumption dropped slightly to about 15.0 pounds, then held steady at 15.1 pounds in 1989. Per capita consumption is expected to rise only slightly to 15.2 pounds by the end of 1990.

Why has seafood consumption stagnated? Experts appear to agree that eating a diet containing more fish is helpful from a health and nutrition standpoint, and Americans claim to want to eat more healthy foods. So what's the problem?

A combination of factors, most likely. Ingrained eating patterns, misconceptions, fears, lack of knowledge, and distribution problems may all have a hand in fish and seafood's lackluster performance.

It is clear that consumers are still casting a wary eye on fish and seafood products in a lot of cases. Many people are still unfamiliar with the majority of the products available. Others have tried to incorporate more fish into their diets, but have only experimented with a limited number of species.

Aside from not knowing what many of the varieties are and what to do with them,

many consumers have real concerns over the safety of seafood. In part, such concerns are the result of bad publicity given to some seafood products in certain places across the country, which has caused a lack of confidence in the fish supply among many people.

Calls for uniform governmental inspection of fish and seafood have both helped and hindered this problem in recent years. If fish underwent the same inspections as meat, consumer confidence would certainly be bolstered in the long run. But in the short run, the call for inspection programs has caused many people, who otherwise might not have thought about the need for such programs, to become aware that uniform inspections do not currently exist.

Another persistent problem has been supply, both in terms of quantity and consistency. It has been hard for retailers in many areas of the country to get consistent supplies of many varieties of product. Fish farming of some varieties, such as salmon, will likely ease some of these problems in the years ahead.

Compared to fish, meat and poultry are very regular, consistent products. Customers have a mental image of what each grade of meat is supposed to represent, and can judge the individual package or piece by appearance. Also, consumers in this country are used to being able to walk into a supermarket and find all the same cuts of meats and poultry, usually with little variation. Out-of-stocks on meat are relatively infrequent, unless there is a special sale on an item.

In the case of fish, there are always new varieties lying in the cases, many of which are totally new to the consumers. There are also varieties that are not available at that time due to lack of supply.

To make matters worse, there are no grading standards by which the consumer can objectively judge the quality of the fish products. They must rely on sight with products that they are not familiar with, and on smell, which has limited accuracy.

The slowdown in sales growth is mirrored by a similar slowdown in the number of stores opening fresh fish/seafood departments last year. In 1989, 360 new departments opened, bringing the total number of fish/seafood departments in operation in supermarkets to 14,000.

By comparison, in 1988, the year of the expected fish/seafood boom, 1,206 new departments sprang into being. The percentage of supermarkets that now offer these departments is up to 45.6.

With the small increase in overall sales, and a slight rise in the number of fish departments, the average weekly sales per seafood department also increased slightly. Currently, the average department brings in about $5,719 per week, which is an increase of just $75 per week from 1988's level of $5,644.

Traffic building

Despite flat overall growth, fish/seafood departments are starting to make inroads into the mainstream of supermarket

Inspections should eventually build consumer confidence, but the call for such programs has caused many people to become aware that uniform inspections do not currently exist.

CENSUS, SALES & MARGINS

The number of supermarkets with fresh fish/seafood departments reached the 14,000 mark in 1989. The increase of 360 units during that year was far fewer than the 1,200 new departments that opened during 1988. Fewer new sections, coupled with no real increase in per capita consumption of fish and seafood, held sales growth in the department to just 4.5 percent, the lowest growth rate in a number of years.

Fish/seafood departments, on the average (in stores that have them), account for over $5,700 in sales per week per store, 2.83 percent of total store sales, and 4.48 percent of store profits. Nevertheless, 35 percent of retailers still consider their fish/seafood departments to be primarily traffic and image builders rather than profit centers.

Fish/Seafood Units

No. of supermarkets selling fresh fish/seafood	14,000
Percentage of all supermarkets	45.6
Number of fresh fish/seafood departments opened during last 12 months	360

Average Weekly Sales

Mean $5,719 Median $4,400

Changes in Dollar Sales

(1989 vs. 1988)

Higher	16%
No change	68
Lower	16
Total	100%

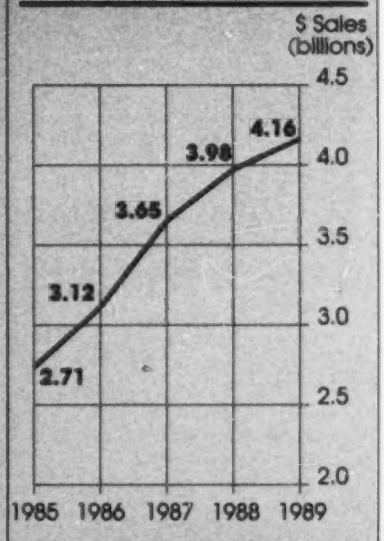
Sales and Margins

Share of Total Store Sales
Mean 2.83% Median 3.1%

Gross Margin
Mean 30.6% Median 28.4%

Contribution to Store Profit
Mean 4.48% Median 3.12%

Annual Sales



Do You Consider Your Fish/Seafood Departments:

Traffic & image builders	35%
Both image builders & profit centers	65
Total	100%

SPACE & LOCATION

The size of the average fish/seafood department has stabilized over the last two years. In 1989, the typical department grew just 14 sq. ft. to a total of 600 sq. ft. This number reflects a wide variation in the sizes of individual departments.

The department's average sales per sq. ft. dropped slightly last year, to $9.53 per week.

Size of Department

Full-service department
Mean 600 sq. ft. Median 535 sq. ft.

By Store Format

Conventional	165 sq. ft.*
Superstore	700 sq. ft.

*Includes self-service fish/seafood departments

Sales Per Square Foot

Mean weekly sales per sq. ft $9.53

Cost Allocations

Are department costs allocated back to department?

Yes	53%
No	47
Total	100%

Location of Department

Adjacent to meat dept.	70%
Separate from meat dept.	30
Total	100%

life, and can be very important to many individual operations. In some stores, the sections bring in higher sales, and steady profits, while helping to draw in customers.

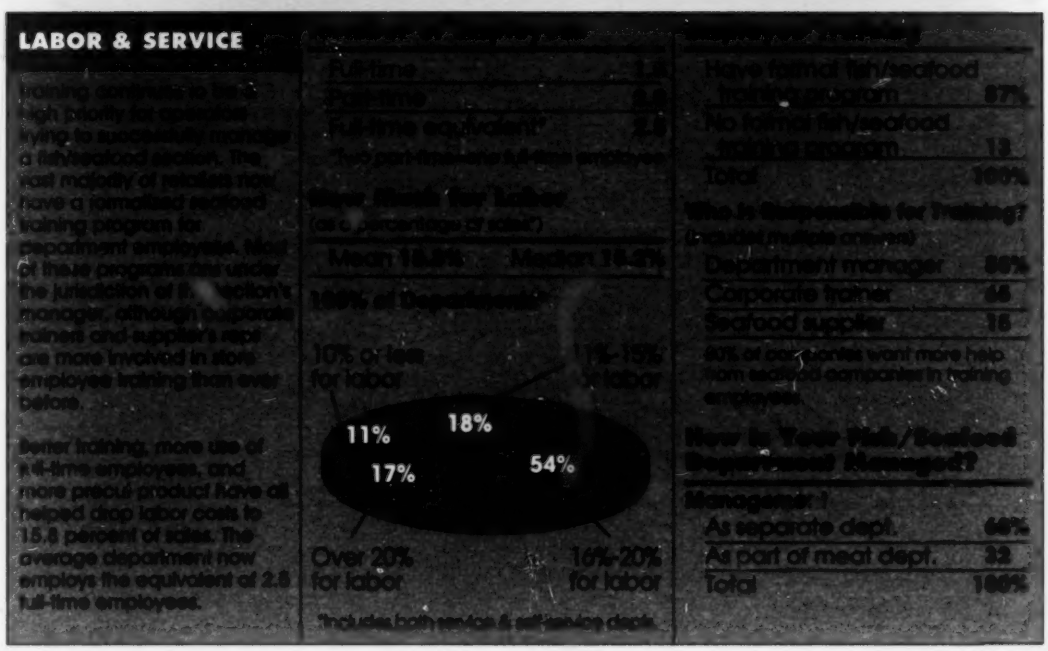
Even the general operating results across the whole industry show signs of the gradually growing importance of the department. The fish/seafood section's percentage of total store sales grew to 2.83 percent last year from 1.95 percent in 1988. The range of share of sales reported by individual stores varies considerably.

Also varying considerably is the department's contribution to store profits. The industry average is up to 4.48 percent, which represents a healthy increase from 1988's 3.33 percent.

But while some stores report contribution to overall profits as high as 8.0 percent, many other stores report smaller than average, or even no contribution to store profits coming from the fish/seafood department. With average gross margins holding at the 30 percent mark, the department should be profitable in most instances.

That there is such a wide dispersion in the ability of individual fish/seafood departments to generate consistent profits for the store points to the difficulty that many retailers are having in trying to operate the departments. Even after several years in the business, some supermarket companies and independent owners are still picking their way through the labyrinth of how to stock, handle and merchandise these departments.

It is no wonder that the number of operators who consider their fish/seafood departments to be primarily traffic and image builders, rather than profit centers, is still high. Currently, 35 percent of the retailers polled indicated that the main thrust of their departments was to bring in the customers and enhance the store's image.



Despite the slow rate of sales growth, few retailers are willing to curtail the fish/seafood operations in their stores. The theory is that the store has more to lose by cutting back on its fish operations.

Manning the nets

One piece of good news is that the fish/seafood sections have a better grip on their labor costs than ever before. Despite the growing popularity of service seafood sections, and prepared or semi-prepared dishes, the departments are using less labor.

In 1989, the fish/seafood sections operated with the equivalent of 2.5 full-time employees, which was down from the 3.0 employees needed in 1988. The decrease seems to be in the number of part-time staffers, as departments are relying on the more knowledgeable full-time department employees.

These reductions have dropped labor costs. Currently, it takes just 15.8 percent of the department's sales to cover its labor costs. This is a savings of 1.9 percent over the previous year.

Training the fish/seafood department employee has always been a problem for supermarkets. The newness of many of the products to both employees and consumers, coupled with the skill needed to handle, prepare and maintain the products, require a comparatively large degree of employee training.

Maintaining more full-time fish department employees is one way that operators have alleviated the problem. The other is more formal training. Eighty-seven percent of the retailers have a formal fish/seafood training program for employees.

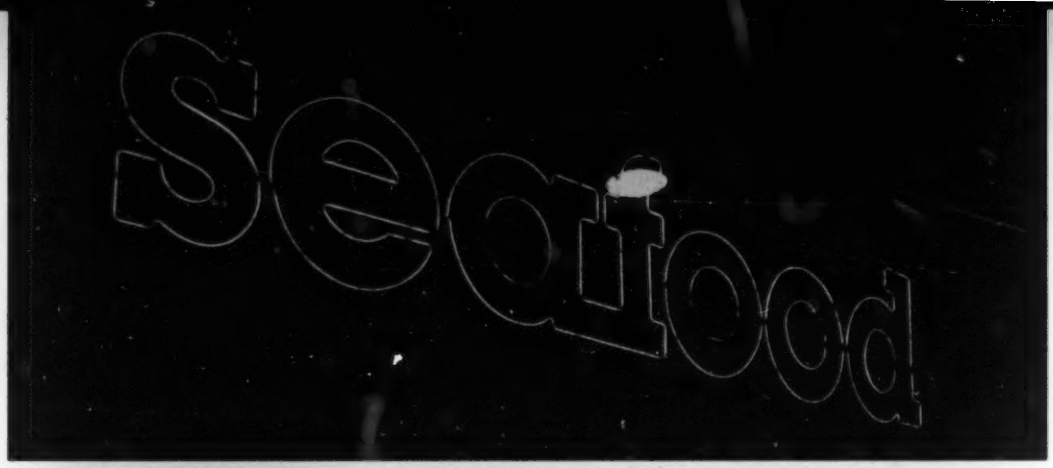
Even after several years in the business, some supermarkets are still struggling to learn how to stock, handle and merchandise these departments.

Generally, training is the responsibility of the department manager, but more and more corporate training personnel and seafood suppliers are getting into the act, offering both developmental skills and hands-on training assistance. To this end, 80 percent of the operators indicated that they would like more help in training from their seafood suppliers.

Since the size of the average fish/seafood department has increased slightly (now 600 sq. ft.) in the last year, while sales have been growing at a slower pace, the average sales per square of the department went down slightly last year. A square foot of fish department space brought in about $9.53 a week in 1989, which was down 3 cents from 1988.

Separating fish from meat

At one time, the fish section often consisted of some flounder at one end of a meat coffin.

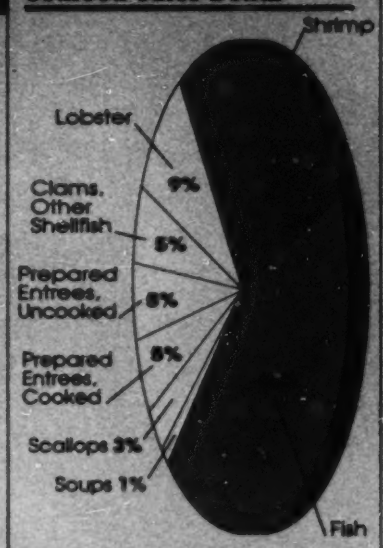


PRODUCT MIX

About half the sales in fish/seafood departments come from seafood or shellfish varieties. This is indicative of a trend toward more consumer interest in higher-priced products. Not only have sales of shellfish increased, but there has been a large increase in the amount of sales of relatively expensive "steak" fish such as tuna, salmon, halibut and shark.

Prepared fish/seafood products are increasing in popularity. Sales of both fully prepared dishes and ready-to-cook products have grown to 5 percent of total department sales.

Portioning Out the Fish/Seafood Sales Dollar



How Do You Sell Lobsters?

(Includes multiple answers)

Live	93%
Sell live & then cook in store	65
Frozen	40
Prepared before purchase	35
Refrigerated	15

Fresh vs. Frozen

Percentage of fish/seafood sold	
Fresh	84%
Frozen	16
Total	100%

Fish/Seafood Items Most Often Added Last Year

- Prepared fish entrees
- Seafood salads
- "Steak" fish
- Raw Shrimp
- Herring

MERCHANDISING, CUSTOMERS & SUPPLY

Approximately 7 percent of all store customers also shop the fish/seafood department, spending an average of $5.86 per purchase.

More and more retailers are buying their product already cut and portioned. This has cut back labor costs, reduced the amount of training required, and freed department employees to service customers more. Currently, 88 percent of all fish/seafood sales are through service sections.

How Customers Spend

Percentage who shop fish/seafood department

Mean 7.0% Median 6.2%

How Much They Spend

(per transaction)

Mean $5.86 Median $5.97

Under $3.00	2%
$3.01-$4.00	23
$4.01-$5.00	27
$5.01-$6.00	31
Over $6.00	17
Total	100%

Service vs. Self-Service

(In service fish/seafood departments)

Percentage of sales through	
Service	88%
Self-service	12
Total	100%

Supply

Percentage of fresh fish/seafood bought from:	
Specialty fish/seafood wholesaler	98%
Other (incl. groc.wholesaler)	2
Total	100%
How fish/seafood comes into store:	
Precut & portioned	90%
Whole	10
Total	100%

Times have changed. The renaissance of fish/seafood has brought the products out of those coffins and into cases of their own. Sixty-eight percent of the fish/seafood departments are no longer part of the meat departments and are operated separately. Still, about 70 percent of all fish/seafood departments are located adjacent to the meat sections, offering the consumers a handy alternative to meat main courses.

In terms of sales, the department's products are almost evenly divided between fish and seafood. Seafood items account for 50 percent of the section's revenues, with shrimp being the largest seller (28 percent of sales). Fish varieties account for 44 percent of sales.

Prepared entrees have grown in recent years in the department. Sales of both fully prepared and ready-to-cook items now account for 5 percent of departmental sales, up from 3 percent a year ago. The remaining 1 percent is in sales of soups.

Retailers report that "steak"-type fish, such as tuna, salmon, halibut, and shark, are the items that they added or increased the most last year. Raw shrimp and herring varieties were also hot items.

Catching the fish

Virtually all (98 percent) the fish/seafood sold in supermarkets comes through specialty fish/seafood distributors and wholesalers. In some cases, a store or operating company will make its own connections with distributors or fishermen for locally caught product if they are lucky enough to be located near a significant body of water.

Operators report that about 54 percent of their fish supplies come in as fresh, and the remaining 46 percent come in frozen. Yet interestingly, these same operators report that they sell approximately *60* percent of their product as "fresh." Hmm.

One continuing trend that has had a significant impact on the labor factor over the years is that more and more of the product comes into the store precut and portioned. Having a salmon come into the store already cut into steaks, or a flounder already filleted, not only saves labor time but also cuts down on the degree of training necessary for the employees. About 90 percent of all product now comes into the supermarket already cut and portioned.

Since employees need to spend less time preparing the product for the case, they are free to spend more time servicing the customers. This is indeed what is happening. In those stores that have service fish/seafood departments, 88 percent of the product is sold through service, up from the 84 percent service of 1988.

The operations of the fish/seafood departments have made many strides over the past few years—strides in providing more service, better and more consistent product, reducing costs and labor, and in merchandising the product.

But the ultimate success of the fish/seafood sections continues to hinge on customer acceptance. This will be a slow-fought battle, the outcome of which will not be clear for some time. ■

HEALTH & BEAUTY AIDS: SAMI FOUR-WEEK FOOD STORE UNIT TRENDS VS. YEAR AGO

PRODUCT GROUP AND CATEGORY	% CHANGE VS. YEAR AGO 4 WEEKS ENDING 7/13/90	4 WEEKS ENDING 8/10/90	4 WEEKS ENDING 9/7/90
BABY NEEDS	**– 3.2%**	**– 0.8%**	**– 2.4%**
Baby Powders	+ 7.5	– 2.0	– 3.7
Baby Oils, Creams & Lotions	– 15.5	– 1.5	– 6.7
Infant Clothes	– 8.7	– 15.7	– 14.3
Nursing Supplies	+ 6.0	+ 2.2	+ 3.6
MISC. PERSONAL NEEDS	**+ 10.6%**	**+ 6.8%**	**+ 5.6%**
Contraceptives	+ 7.8	+ 5.0	+ 2.0
Personal Lubricants	+ 13.7	+ 9.5	+ 7.5
Home Testing Kits	+ 16.2	+ 7.5	+ 10.2
Thermometers	+ 17.6	+ 10.2	+ 18.7
DEODORANTS	**+ 1.2%**	**– 3.4%**	**– 0.9%**
Sprays	– 13.2	– 12.2	– 11.2
Roll-Ons	– 2.1	– 7.6	– 10.2
Stick Deodorants & Pads	+ 8.7	+ 1.7	+ 10.9
Creams	– 3.5	– 5.1	– 9.5
Deodorants & Talcum Powders	– 7.9	– 17.1	– 20.1
Feminine Hygiene Deodorants	+ 24.1	+ 11.7	+ 8.8
Foot Deodorants & Athlete's Foot Remedies	+ 7.2	+ 2.7	+ 3.7
Feminine Douches	+ 4.2	+ 1.7	– 5.4
FIRST AID	**– 3.2%**	**– 8.4%**	**– 8.8%**
Antiseptics	– 2.5	– 5.3	+ 1.1
First Aid Products	– 4.1	– 10.1	– 12.2
Elastic Goods & Dressings	+ 68.7	+ 54.1	+ 38.4
HAIR CARE NEEDS	**+ 1.8%**	**– 4.3%**	**+ 3.6%**
Shampoos	+ 0.5	– 4.8	– 2.9
Hair Sprays	+ 0.5	– 6.0	– 8.6
Hair Conditioning Rinses	+ 4.7	– 3.9	+ 0.1
Hair Setting Needs	+ 12.5	+ 4.6	+ 2.0
Home Permanent Kits	– 13.4	– 13.0	– 15.1
Hair Coloring	– 2.5	– 4.7	+ 0.9
Hair Dressing Needs	– 1.9	– 5.9	– 8.8
ORAL HYGIENE	**– 0.1%**	**– 6.2%**	**– 1.7%**
Toothpastes & Powders	– 0.2	– 7.4	+ 1.0
Mouthwashes	– 2.5	– 7.9	– 6.6
Breath Fresheners	+ 1.1	+ 5.6	– 0.8
Denture Cleaners	– 8.7	– 4.8	– 7.3
Denture Adhesives	+ 0.4	+ 2.4	+ 2.6
Toothbrushes	+ 4.2	– 5.5	– 3.5
Dental Aids	+ 6.0	+ 8.8	– 5.9
PROPRIETARY REMEDIES	**– 0.9%**	**– 1.6%**	**– 3.1%**
Antacids	– 3.1	– 4.8	– 3.1
Internal Analgesics	– 5.7	– 2.7	– 6.1
External Analgesics	+ 14.6	+ 17.6	+ 12.5
Cold Remedies	+ 8.4	+ 3.6	– 1.3
Nasal Sprays/Drops/Inhalers	+ 4.5	+ 3.7	+ 0.1
Chest Rubs	– 2.9	– 3.5	– 7.1
Cough Remedies	+ 6.6	+ 1.9	+ 3.0
Laxatives	– 2.2	– 1.5	– 3.9
Sleeping Aids	+ 5.3	+ 7.6	+ 7.2
Tranquilizers	+ 12.9	+ 0.8	– 9.2
Eye Care Products	– 0.9	– 6.4	– 3.9
Appetite Suppressants	– 18.1	– 11.7	– 26.5
Synthetic Vitamins	+ 1.3	– 0.4	– 6.1
Natural Vitamins	+ 5.1	+ 8.2	+ 8.5
Misc. Proprietary Remedies	+ 1.3	– 0.5	– 4.8
SHAVING NEEDS	**– 1.6%**	**– 2.6%**	**– 3.1%**
Shaving Creams	+ 1.6	– 7.8	– 3.6
Pre-Shave Lotions	– 12.2	– 8.9	– 15.1
After-Shave Lotions	– 5.1	– 4.6	– 10.7
Razor Blades	– 2.6	+ 0.2	– 1.8
SKIN CARE AIDS	**+ 5.7%**	**– 1.9%**	**– 3.3%**
Hand & Body Creams & Lotions	+ 8.5	– 1.9	– 3.6
Facial Preparations	+ 0.2	– 6.2	– 1.2
Lip Care Products	+ 1.9	– 14.1	– 5.9
Suntan Lotions & Oils	+ 15.9	+ 14.3	+ 14.9
Cosmetic & Medicated Skin Aids	+ 1.4	+ 4.5	– 0.6
TOTAL ALL CATEGORIES	**+ 0.8%**	**– 3.7%**	**– 3.9%**

HBA IN FOOD STORES IN MILD RECESSION DURING JULY, AUGUST

Three months of sales gains give way to two-month decline, but drugstore trends improve.

BY ALAN B. MILLER JR.

Every year around this time, we report on health and beauty aids food store trends for two 28-day periods instead of one, since 13 annual SAMI reporting periods must be covered in 12 issues of SUPERMARKET BUSINESS. This trend analysis covers the four-week periods ending August 10 and September 7, 1990, or roughly the months of July and August.

Perhaps because of a lack of breakthrough or blockbuster HBA products to help swell demand, the unit trends in both periods were anemic. The loss rate of 2.9% in the September reporting period was slightly better than the decline of 3.7% for the month before, and the dollar gain rose from 0.4% to 1.0%; but in both periods, there were substantially more categories with declines than gains. The overall loss rates in July and August followed three consecutive periods that posted modest overall HBA sales gains.

The best performance in both months was found in the miscellaneous personal needs product group, which includes contraceptives, miscellaneous personal lubricants, home testing kits and clinical thermometers. Each of these product categories enjoyed unit volume growth in both periods.

The most significant product group loss rate in both periods was found among first aid items, where the only increase was an artificial one for elastic goods and dressings, the result of having added to the category certain products not tracked the previous year. The loss rate for the product group was 8.4% in July and 8.5% in August. The category with a double-digit loss rate was the diverse first aid products section, in which bandages and cotton swabs have the highest volume.

At the product category level of measurement, loss rates outpaced gains by a widespread margin. In the four-week period ending August 10, 24 categories had gains while 33 declined. In the succeeding period, the score was 21 gains to 36 losses.

The lackluster HBA trendwas also observed in the poundage of refrigerated foods and the unit movement of dry grocery non-food items, in which small loss rates were recorded in both reporting periods. Modest gains in poundage of both shelf-stable and frozen foods were achieved in both periods.

Drugstore sales improve

In drugstores nationally, there was a trend reversal between the four-week periods. In the July period, a unit loss of 5.3% was registered in all 57 categories combined, whereas a gain of 2.9% occurred the following month.

In the baby needs groupings, the only category exhibiting a positive trend is nursing supplies, where a July gain rate of 2.2% increased to 3.6% in August. Infant clothes suffered double-digit loss rates in both periods, while declining percentages for both baby powders and baby oils/creams/lotions accelerated from 2.0% and 1.5% to 3.7% and 6.7%, respectively.

In the personal deodorants group, the September 7 loss rate was less than 1%, an improvement over the -3.4% trend of the preceding period. This positive development was the result of greater sales vigor among stick deodorants/pads and foot deodorants/athlete's foot remedies. The poorest performance was the sharp loss rate for deodorant and talcum powders. In August, decline rates of more than 10% were found in both spray and roll-on categories.

Because of weakness in the two highest-volume categories of hair care needs—shampoo

SAMI UPDATE

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and hair spray—the sales in the entire product group have been in the doldrums. In the most recent reporting period, the only positive trends were the modest unit volume increases for hair conditioning rinses (+0.1%), hair setting needs (+2.0%) and hair coloring (+0.9%). In the latter category, the growth stems from particular strength among men's hair coloring offerings. Men's hair dressings as a class, however, have been consistently pursuing a downward path.

Although negative trends persisted in the oral hygiene group of categories, the overall loss rate was reduced from -6.2% in July to -1.7% in August. The most important reason for this improvement was the 1.0% gain for toothpaste and powder in contrast with the previous period's showing of -7.4%.

In all 15 categories of proprietary remedies combined, the September 7 showing represented a worsening trend, moving from a -1.6% fall to a drop of 3.1%. The most favorable trend was the double-digit gain for external analgesics, contributed by the new products Eucalyptamint and Flex-All 454. Also showing growth in this category were Thompso Medical's Aspercreme, Bristol-Myers' Mineral Ice and Menthalatum Deep Heating. Losses in the high-volume internal analgesics category outweighed good gains for natural vitamins, minerals and supplements. Trends continued downward in the categories of eye care products and suppressants.

Finally, there are increasing loss rates for both the shaving needs and skin care aids product groups. Gillette's Sensor introduction has failed to expand the razor blades category, and the high gain rate for suntan lotion/suntan oil comes too late in the season to cause a unit gain in the group. ■

GM/HBA ISSUES

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front in the store and stays there." He adds, "It's a whole new ball game, requiring skills and a retail presence, which manufacturers simply haven't focused on before. Marketers increasingly need help at retail in the form of an alert and capable field merchandising force that can help ensure maximum distribution and sales volume."

June's company and many of the other companies provide an extensive menu of services relating to product information, product placement and product promotion. Subscribers to the services can pick and choose from the different services available on a market-by-market or national basis and choose a specific time frame or have an ongoing program, whichever best fits their needs.

There are different methods of pricing the services provided by different companies. Some will define the project and price it. Some base pricing for services based on the length of each store visit. Other programs are priced at a cost-plus basis.

When it comes to the cost of retail service work, many manufacturers complain about paying for "store's work." In a sense, they have a good point as it would relate to the traditional roles of manufacturer, broker, wholesaler and retailer. But the marketing environment is changing, and today the customer is king. They know that they have the customer traffic and potential for substantial sales of all of the products that they carry. They are accustomed to receiving extensive in-store service in food departments. When it comes to GM and HBA products, supermarkets do not feel compelled to go to any great effort of their own to facilitate merchandising these products. History tells us that the first introductions of HBA and GM in supermarkets were through full-service programs provided by rack jobbers. We may be coming around to the same game plan today but with different players involved.

In the final analysis, each manufacturer will need to determine the extent of service it will need and which method or combination of methods will provide the most effective distribution at the lowest cost. Of course, this cost does not have to be assumed by the manufacturer. But eliminating the service and the cost may also eliminate the sale. ■

VIDEO II: THE REBIRTH

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Fitzgerald noted with home movies, that imaging products have to be both visible and accessible. McCarthy adds that a variety of products and price points have to be available as well because, as consumer's become more sophisticated in their use of video products, their needs will become more specific, just as they have in film.

And supermarkets should pursue their own initiatives, capitalizing on their particular strengths. They might, for instance, include video tapes in promotional displays linked to television events such as the World Series, Super Bowl, or the next four -night miniseries.

Obviously, the home video and imaging business is becoming increasingly competitive, and, as various manufacturers fight for consumer attention, they will focus products on specific groups and occasions, sometimes with unexpected results.

For example, 3M (St. Paul, Minn.) has released a blank video tape labeled *All My Soaps*, specifically aimed at young women and teenagers. 3M believes that it can narrowly target products such as video tapes—thus far largely marketed as commodities—to specific audiences, in many cases boosting usage among groups who have been infrequent purchasers.

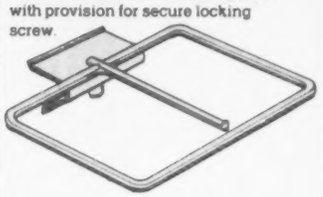
"The *All My Soaps* product is clearly geared to female audiences," says Mike Chew, marketing development manager for 3M's Scotch video cassettes. "We intend to continue taking advantage of niche product opportunities. When an opportunity exists in a usage, demographic or distribution niche, we intend to fill it. *All My Soaps* meets a usage niche among a group that has not been among strong video purchasers. This product is easily identified."

So, video and related products are rapidly maturing. And because VCRs enjoy 70 percent penetration in American households, the mass market will get a larger proportion of the video business, as has 35mm film over the last 10 years and as floppy disks will as home ownership of computers grows. The question is, which channel of distribution will dominate. Many among suppliers and food retailers believe supermarkets have a fair shot. ■

4 GREAT NEW WAYS TO DISPLAY

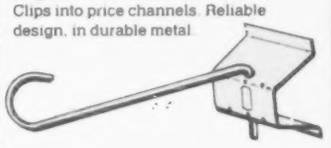
1 GUARDED J-HOOK

Protects consumer. Holds up to 10 carded items. Clips into price channels. Made of flexible, durable ABS plastic with provision for secure locking screw.



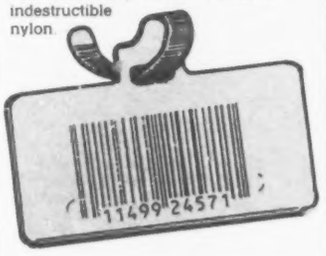
2 SAFETY J-HOOK

Swivel type with protected end. Two lengths. Holds up to 8 carded items. Clips into price channels. Reliable design, in durable metal.



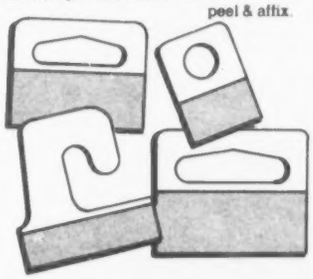
3 ECONO-TAB™ SCANNING TAG

Terrific inventory & info. method tag attaches to baskets, displays, guarded J-hooks. Displays self-stik bar code or reorder labels up to 3" x 1¼". Made of indestructible nylon.



4 ECONO-TAB™ self-stick HANG TABS

Converts any boxed, carded or bagged items into hanging goods. Makes back shopping easy. Also good for repair of torn cards. 4 different configurations, all with pressure-sensitive backs. Just peel & affix.



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